

State of Alaska FY2006 Governor's Operating Budget

**Dept. of Commerce, Community, and Economic Dev.
Alaska Energy Authority Power Cost Equalization
Component Budget Summary**

Component: Alaska Energy Authority Power Cost Equalization

Contribution to Department's Mission

The mission of the Alaska Energy Authority Power Cost Equalization component is to reduce the cost of electricity for residential customers and community facilities in rural Alaska.

Core Services

Verify eligibility and process monthly PCE payments

Produce annual statistical report of PCE programs

Calculate the prorated PCE funding levels

End Results	Strategies to Achieve Results
A: Distribute Power Cost Equalization Payments to 100% eligible electric utilities <u>Target #1:</u> 100% eligible utilities' customers receive PCE <u>Measure #1:</u> % of eligible utilities' customers receiving PCE	A1: Increase technical assistance and develop distance delivery training program. *Note - AEA provides training to PCE eligible utilities as it pertains to filing requirements of AEA and RCA. Utility clerks are responsible for providing this information. <u>Target #1:</u> 20 utility clerks trained annually <u>Measure #1:</u> Number of utility clerks trained

Major Activities to Advance Strategies
<ul style="list-style-type: none"> • Verify eligibility and process monthly PCE payments • Produce annual statistical report of PCE program • Calculate the prorated PCE funding level • Technical assistance • Provide utility clerk training

FY2006 Resources Allocated to Achieve Results		
FY2006 Component Budget: \$20,730,000	Personnel:	
	Full time	0
	Part time	0
	Total	0

Performance Measure Detail

A: Result - Distribute Power Cost Equalization Payments to 100% eligible electric utilities

Target #1: 100% eligible utilities' customers receive PCE

Measure #1: % of eligible utilities' customers receiving PCE**Percentage of Eligible Utilities' Customers Receiving PCE**

Year	YTD
2003	95.5%
2004	95.5%

Analysis of results and challenges: AEA provides administrative assistance to eligible utilities that need assistance preparing PCE reports; utilities that are not participating or are suspended do not receive payments. In FY2003 and FY 2004, 4 utilities that had established PCE levels, did not receive reimbursement. (4 out of 88; or 4.5%). AEA has notified legislators of communities that did not receive eligible payments.

A1: Strategy - Increase technical assistance and develop distance delivery training program. *Note - AEA provides training to PCE eligible utilities as it pertains to filing requirements of AEA and RCA. Utility clerks are responsible for providing this information.

Target #1: 20 utility clerks trained annually

Measure #1: Number of utility clerks trained

Number of Utility Clerks Trained

Year	YTD
2003	17
2004	29

Analysis of results and challenges: Distance delivery is a cost effective way to provide additional training to utilities with new staff or whose staff are unable to travel for training. This measures our training progress.

Key Component Challenges

Since there is a high turn-over rate of staff in the 88 rural utilities (representing 184 communities) participating in the PCE Program, the continual training of and assistance to the utility staff continues to be a challenge.

Significant Changes in Results to be Delivered in FY2006

The increased funding will result in rural utilities receiving approximately 100 percent of their eligibility amount instead of the 76 percent they have been receiving in recent years.

Major Component Accomplishments in 2004

None.

Statutory and Regulatory Authority

AS 42.45 Rural and Statewide Energy Programs
 3 AAC 107 Grant Programs
 3 AAC 52.600 Criteria for Determination of Power Cost Equalization

Contact Information
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Alaska Energy Authority Power Cost Equalization Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	66.0	130.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	15,634.0	20,600.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	15,700.0	20,730.0
Funding Sources:			
1089 Power Cost Equalization Fund	0.0	15,700.0	20,730.0
Funding Totals	0.0	15,700.0	20,730.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Power Cost Equalization	51404	0.0	15,700.0	20,730.0
Restricted Total		0.0	15,700.0	20,730.0
Total Estimated Revenues		0.0	15,700.0	20,730.0

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	15,700.0	15,700.0
Proposed budget increases:				
-Maintain Grant Level for Power Cost Equalization Program	0.0	0.0	130.0	130.0
-Fully Fund Power Cost Equalization Program	0.0	0.0	4,900.0	4,900.0
FY2006 Governor	0.0	0.0	20,730.0	20,730.0